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NFAC 1538-79

26 March 1979

Memorandum for Mr. Bowie

Subject: Review Panel Suggestions for New NIEs and IIMs

1. Attached are proposals we suggest you consider for scheduling as NFAC production over the next six months.

2. The thrust of our suggestions is the need for estimates that will integrate regional or functional trends and likely developments in a policy perspective broader than that customarily afforded by studies on individual countries, separate subjects, or specific NITs--that will provide both wider conceptual frameworks and a means of relating sets of US policies and their effects.

3. Beyond our specific proposals--which are in part at least illustrative--and whatever state of topics emerges from the present Production Board round, we would urge a new and systematic look at the instrument of the estimates. National Intelligence Estimates--apart from the military studies--appear to us to have reached a low point in terms of numbers, prestige, acceptability, and utility to policy-makers, and of attractiveness to intelligence analysts as effective vehicles for the projection of matters of high policy concern and the illumination of policy issues.

4. The Panel has explored the problem with various NIOs and Office Directors and from time to time has informally discussed its initial findings with you. There seems general agreement that the estimative process is in a deteriorating state but little consensus on what can or should be done about it. When the new schedule of NIE/IIM production is approved--and before work is much advanced on its components--the Panel will submit to you for your consideration and possible NFAC discussion its recommendations on:

- a. The Estimates Process: Problems and Prospects
- b. Guidelines and Procedures for NIE/IIM Production, Review and Approval

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5. In the interim, and pending revision of our current approach to national estimates, the Panel suggests the following candidates for prospective NIEs/IIMs. (See attachments for brief descriptions.)

- b. Prospective Changes in Foreign Perceptions of Soviet and US Power and Influence
- c. The New Situation in the Middle East
- d. The Pacific Basin: Emerging Priority

6. Prior to your consideration, we have not circulated these proposals to the Production Board members or others. You may wish to do so.


William Leonhart

Attachments:
As stated in para. 5

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b. Prospective Changes in Foreign Perceptions of Soviet and
US Power and Influence

Foreign perceptions of Soviet and US power and influence significantly affect the behavior of our allies, opponents, and nonaligned countries pursuing a "neutral" course. Whatever their perceptions were some years ago, they are likely to be changing in reaction to the recent behavior of the two superpowers, particularly in regard to important independent events, such as the Iranian revolution and the Chinese invasion of Vietnam. An estimate of the course of these changes would seem to constitute vital information for US policymakers.

In ascertaining foreign perceptions of Soviet and US power and influence, we refer to the perceived ability of the two superpowers to initiate and influence events in particular regions and globally. Perceived ability concerns not only the possession of suitable resources (i.e., military, economic, diplomatic, moral and ideological) but also the will to bring them to bear and the skill with which they are brought into play. How foreign countries perceive domestic as well as international restraints on the use of power resources bears importantly on this matter.

In estimating changes in foreign receptions, the estimate should focus on countries and areas of special importance to Soviet and US interests. It would seem useful to begin with regional estimates and end with a global appraisal.

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c. The New Situation in the Middle East
(Should be a priority NIE.)

The aftermath of the shattering events in Iran, the sequels of which are still unfolding, have brought about major changes in the situation in the Middle East. (Area visualized for this NIE encompasses Egypt, Libya, Israel, Syria, Jordan, Lebanon, Saudi Arabia, and the Arabian Peninsula, Turkey, Iraq, Iran, and Persian Gulf States, as well as the Eastern Mediterranean Red Sea, Gulf of Aden, Arabian Sea, Gulf of Oman, and Persian Gulf.) Among these situational changes are the impact of Iran's ordeal on the power balances in the region, in particular the Arab-Israeli balance; the Israeli-Egyptian treaty the strengthening and rising expectations of the PLO; implications for all regional States of this latest chapter in Islamic history; the emerging new role for Iraq; the further isolation of Saudi Arabia already outflanked by Soviet-Cuban aggression in the Horn of Africa; the renewed civil war crisis in Lebanon; the narrowing of the ideological gap between moderate and radical Arab States; new strains on OPEC countries and their ability to concert their actions in a responsible way; and major tightening in the world's oil and energy economy. These factors obviously pose a new and disturbing picture. The estimate should include an assessment of the long term implications for US and Western interests; our perception of the Soviet assessment of the region and the likely nature of Soviet efforts to exploit its opportunities; the probable nature of the Israeli assessment of the situation and likely changes in Israeli policies and moves; likely estimates of the situation by other major States in the region; and the implications for US policy especially with respect to US-Arab and US-Israeli relations.

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d. The Pacific Basin: Emerging Priority

The estimate would address the question: Is the Pacific Basin overtaking the NATO Basin as being "No. 1 Priority" in terms of US interests and importance to the strategic posture of the United States? So far during the Twentieth Century, the United States has considered the viability of Western Europe and the NATO Basin to be of paramount, "Number One" importance in terms of American interests abroad and to be vital to US survival. Steadfast in this belief, the United States has fought two world wars during the 1900s with Europe as the primary theater of operations. Now there is mounting evidence, however, that the Pacific Basin is approaching this preeminent position in the eyes of the United States and might well reach at least parity during the 1980s. If indeed the Pacific Basin becomes #1, in what time period might the "crossover" occur? What are the major implications for the United States? (Rather than an NIE, this could be an IIM.)

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